



WILLIAM LEE CHAN,
Opposer,

-versus-

LIN QING ZHAO,
Respondent-Applicant.

X-----X

} IPC No. 14-2010-00152
}
} Opposition to:
} Appln. Serial No. 4-2009-003615
} Date Filed: 14 April 2009
} TM: "XTREME & DESIGN"
}
}
}
}

NOTICE OF DECISION

RAYMUND FORTUN LAW OFFICES
Counsel for Opposer
No. 137 CRM Avenue cor. CRM Marina
BF Homes Almazan, 1750 Las Piñas City

LIN QING ZHAO
Respondent-Applicant
Lot 3, Block 4, Phase 2
Little Tikes, Sterling Industries Park
Iba, Meycauayan, Bulacan

GREETINGS:

Please be informed that Decision No. 2013 - 57 dated April 05, 2013 (copy enclosed) was promulgated in the above entitled case.

Taguig City, April 05, 2013.

For the Director:


ATTY. EDWIN DANILO A. DATING
Director III
Bureau of Legal Affairs



WILLIAM LEE CHAN,
Opposer,

- versus -

LIN QING ZHAO,
Respondent-Applicant.

X-----X

IPC NO. 14 - 2010-00152

Opposition to:
Appln Serial No. 42009003615
Date filed: 14 April 2009
TM: "XTREME & DESIGN"

Decision No. 2013- 57

DECISION

William Lee Chan (Opposer) filed an opposition to Trademark Application No. 4-2009-03615. The application filed by Lin Qing Zhao (Respondent-Applicant), covers the mark "XTREME", for use on "vacuum flasks" falling under Class 21 of the International Classification of Goods.¹ The Opposer's pertinent allegations are quoted as follows:

- "1. Opposer is a businessman with address at 4/F, 532 Tomas Mapua Street, Sta Cruz, Manila. He may be served with pleadings, notices and processes through her counsel, Raymond Fortun Law Offices, 137 CRM Avenue corner Marina, BF Homes Almanza, Las Pinas City. Respondent-applicant is LIN QING ZHAO, with address at Applicant's address is at Lot 2, Block 4, Phase 2, Little Tikes, Sterling Industrial Park, Iba Meycuayan, Bulacan. The Application is herein represented by Nelson Tan with mailing address at PO Box 2329, Manila Central. Respondent-Applicant may be served with pleadings, notices and processes of this Honorable Office at said addresses.
- "2. Opposer (the certificate of registration as transferred from Doris Chan to William Chan) is the owner of the mark 'XTREME' with Registration No. 4-2003-011492 which was filed on 15 December 2003 and registered on 25 December 2005 in the Opposer's name with the Intellectual Property Office (IPO) for DVD and VCD under the Nice classification 9. Opposer had been using the mark 'XTREME' since December 2003, as declared in under oath in her Declaration for Actual Use submitted in support of her application.
- "3. The products of the Opposer is being distributed and sold in the Philippines then by Venus Electronics and starting in 2006 by Winbase Enterprise.
- "4. In view of the high quality of Opposer's product and ever growing promotions, Opposer was able to gain goodwill and reputation in the audio video industry as well as the electronics industry. Because of this goodwill, Opposer's products were able to be sold in SM supermalls. To promote its XTREME brand, Opposer has set up intensive promotions and advertising in print as early as the year 2000. The Opposer had already spent for promotion and advertisement amounting to Php 3.4 Million for

¹ The Nice Classification of Goods and Services is for registering trademarks and service marks based on multilateral treaty administered by the WIPO, called the Nice Agreement Concerning the International Classification of Goods and Services for Registration of Marks concluded in 1957.

the past 5 years. Opposer has also spent so much in the improvement of the packaging of its products.

- "5. Opposer is serious and active in the protection of the mark 'XTREME' as he filed several applications for the said mark due to his business expansion, thus –

Mark	Registration Application No.	Class/es
XTREME	42010002964	03
XTREME	42006006720	07, 09, 14, 15, 16, 28, 41 and 42
XTREME	42009012197	11, 20, and 21
XTREME	42010002721	09

Even prior to the aforecited applications, Doris Chan even submitted several applications because of the growing field of business expansion, thus –

Mark	Registration Application No.	Class/es
XTREME	42006006720	07, 14, 15, 16, 28, 35, 41, and 42
XTREME	42008007356	09
XTREME	42004007914	09
XTREME	42005009287	07, 09, 11 21 and 25

Furthermore, the Opposer has started negotiations with suppliers for the distribution of plastic wares, sporting goods and various electronics and household appliances.

- "6. Doris Chan likewise filed a Petition for Cancellation of the Mark 'XTREME' under Registration No. 4-2005-000475 of herein respondent-registrant under Classes 11, 20 and 21. This Honorable Office directed the cancellation of the said registration in its Decision No. 2009-75. The same is already rendered final and executory due to failure to appeal.

Grounds for Opposition

- 'i. The earlier registration of the aforecited mark for goods under classes 11, 20 and 21 under Application Serial No. 4-2005-000475 to herein respondent-applicant was already ordered cancelled by this Honorable Office.
- 'ii. The registration of the mark will damage the Opposer through loss of goodwill and reputation and loss of income.
- 'iii. The registration of the mark violates 123.1 of Republic Act No. 8293 otherwise known as the Intellectual Property Code of the Philippines which provides that a mark cannot be registered if it is identical to a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of (i) the same goods or services, or (ii) Closely related goods or services, or (iii) If it nearly resembles such a mark as to be likely to deceive or cause confusion.
- 'iv. The Applicant intentionally and is fraudulently registering the trademark 'XTREME' knowing fully well that the mark is confusingly similar to herein Opposer's priorly used trademark to take advantage of the popularity and goodwill generated and connected with the Opposer's trademark undoubtedly to confuse, mislead or deceive the purchaser into believing that the goods of the Applicant are those of the Opposer.

- 'v. Applicant has prior knowledge of the ownership of the trademark 'XTREME' by herein Opposer by reason of the prior and continuous use thereof by the Opposer in the Philippine Market inclusive of the continuous advertisement and promotion conducted by Opposer for the mark in the Philippines. The use and adoption in bad faith by the Applicant of the mark 'Xtreme' would falsely tend to suggest a connection with the Opposer's business and would therefore, constitute fraud on the general public and further, cause dilution of the distinctiveness of the Opposer's mark to the prejudice and irreparable damage of the Opposer.
- 'vi. The use and registration of the mark by the Applicant will undermine the normal business expansion of the Opposer to other goods."

The Respondent-Applicant filed his Verified Answer on 22 October 2010. The pertinent allegations of Respondent-Applicant's Verified Answer are as follows:

"Special and Affirmative Defenses

"I. Res Judicata does not apply in the instant case as there is no prior final decision.

- "1. The Opposer cites the Decision of the Honorable Bureau of Legal Affairs cancelling the Respondent-Applicant's Registration No. 4-2005-000475 for goods in classes 11, 20, and 21 and alleges that the Respondent-Applicant's right to register the trademark XTREME in class 21 has already terminated under the principle of res judicata.
- "2. The Opposer's contention has no merit. Res judicata does not apply in the instant case as the Decision of the Honorable Bureau of Legal Affairs cancelling the Respondent-Applicant's registration for XTREME with registration no. 4-2005-000475 for goods in classes 11, 20 and 21 has not become final and executory because the Respondent-Applicant has timely filed a Motion for Reconsideration of the Decision and the Honorable Bureau has not resolved the Motion for Reconsideration. A Copy of the Motion to Set Aside Decision No. 2009-75 dated 18 June 2009 and to vacate Entry of Judgment dated 12 November 2009 is attached as Annex "2" hereof.
- "3. As there is no final judgment, the principle of res judicata does not apply. The Supreme Court has explained the meaning of res judicata and its requirements as follows:

'Res judicata means a matter adjudged, a thing judicially acted upon or decided; a thing or matter settled by judgment. In res judicata, the judgment in the first is considered conclusive as to every matter offered and received therein, as to any other admissible matter which might have been offered for that purpose, and all the other matters that could have been adjudged therein. For a claim of res judicata to prosper, the following requisite must concur: 1.) there must be a final judgment or order; 2.) the court rendering it must have jurisdiction over the subject matter and the parties; 3.) It must be a judgment or order on the merits; and there must be between the two classes identity of the parties, subject matter and causes of action.'
- "4. Further, as the order of cancellation of respondent-Applicant's registration no. 4-2005-000475 has not become final, the Opposer's claim that the Respondent-Applicant's right to the mark XTREME in class 21 has been terminated has no basis.
- "5. The Respondent-Applicant is therefore not frustrating any final order as alleged by the Opposer. The Respondent-Applicant is merely exercising his right to file

registrations for the mark XTREME for additional goods brought about by expansion of his business. Further, the Respondent-Applicant who holds prior registration for the XTREME mark in class 21 among others should not be barred from seeking protection for additional goods in class 21.

"II. Respondent-Applicant holds prior registrations for XTREME including for goods in classes 11, 20, 21

"6.

x x x

"7. Respondent Applicant is the prior filer and holder of a registration for the mark XTREME in classes 11, 20, and 21 in the Philippines.

"8. The details of the Respondent-Applicant's registration in classes 9, 20 and 21 are as follows:

Mark : XTREME

Registration No. : 42005000475

Registration Date:

Filing Date : 17 January 2005

Goods : Class 20 –plastic wares, plastic kitchen wares, plastic furniture and other products concerning plastic use for home and office, namely, drawers, cabinets, chairs, tables, desks, folding and reclining beds, benches, stalls, racks, shelves, hangers, clothes hampers, dish organizers, dish cabinets, kitchen drawers, dish crates, pallets and crates.

Class 11 – electric kettle, electric fan, rice cooker, oven toaster, microwave oven, electric stove, coffee maker, sandwich maker.

Class 21- plastic wares, plastic kitchen wares, plastic furniture and other products concerning plastic use for home and office, namely, trash boxes, planter's boxes, dish drainer, pails, cup containers, food containers, food covers, fruit baskets, trays, dripping board, wash board, trash containers.

"9. The Respondent-Applicant's registration in classes 11, 20 and 21 was filed 8 months before the Opposer first filed an identical mark with application no. 42005009287 in the name of Doris Chan for goods in class 21 among others, which was later refused registration.

"10. As the holder of a prior registration and the prior user of the mark XTREME in classes 11, 20, and 21, the respondent-applicant has prior rights which must be protected against a junior user of an identical mark such as the Opposer.

"III. Respondent-Applicant has the right to seek registration for additional goods as a result of business expansion

"11. As the demand for XTREME household implements and utensils increased, the Respondent-Applicant has expanded its good to cover vacuum flasks in class 21.

"12. The Respondent-Applicant's filing of the opposed application in class 21 is a result of business expansions. The opposed application covers the goods 'vacuum flasks' only which is not included in the goods covered by the prior registration with registration no. 42009003615.

"13. The Respondent – Applicant has registered the mark XTREME in classes 11, 20, and 21 since 2005. Therefore, contrary to the allegations of the Opposer that the

registration of the opposed mark will hamper the business expansion of the Respondent-Applicant who has secured his rights to the XTREME mark class 21 since 2005.

"14. Further, it should be noted that the registration of the Opposer for the mark XTREME is limited to goods in class 9 only. On the other hand, it is Respondent-Applicant who holds registration for the mark XTREME in classes 4, 6, 7, 11, 20 and 21. The list of active registrations of both the Respondent-Applicant and the Opposer are as follows:

Respondent-Applicant's registrations	Opposer's registration
42005000475 for XTREME in classes 11, 20 and 21	42003011492 for XTREME in class 9
42006005257 for XTREME in class 7, issued 25 February 2008	
42008000425 for XTREME in classes 4 and 6 issued on 11 August 2008	

"15. The Respondent-Applicant therefore has the prior right over the registration of the XTREME mark in class 21 and is rightfully entitled to expand its goods in class 21.

"IV. It is the Opposer who seeks to unjustly ride on the goodwill of the Respondent-Applicant

"16. It is the Respondent-Applicant who holds the registration for XTREME for goods in classes 4, 6, 7, 11, 20, and 21. The Respondent has been using the mark XTREME for almost 5 years now.

"17. The Respondent-Applicant has established goodwill over the mark specifically for goods in classes 4, 6, 7, 11, 20 and 21 since its use in 2006 through promotions, advertisements and after sales services.

"18. The Opposer's claim that it has established goodwill over the mark XTREME applies only to class 9, which is entirely different from the Respondent-applicant's goods. The Opposer cannot establish goodwill over the mark XTREME in class 21 as he has never used the mark for goods in class 21.

"19. Therefore, it is the Opposer who seeks to unjustly ride on the goodwill established by the Respondent-Applicant for goods in classes 4, 6, 7, 11, 20 and 21.

After the preliminary conference on 10 January 2011, the Opposer and the Respondent-Applicant filed their position papers on 7 February 2011 and 21 February 2011, respectively.

Should the Respondent-Applicant be allowed to register the trademark "XTREME"?

It is emphasized that the function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him, who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that they are procuring the genuine article; to prevent fraud and imposition; and to protect the manufacturer against substitution and sale of an inferior and

different article as his product.² Under Sec. 123.1(d) of the Intellectual Property Code, it provides that a mark cannot be registered if it is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing date, in respect of: i) the same goods or services, or ii) closely related goods or services or iii) if it nearly resembles such a mark as to be likely to deceive or cause confusion.

Records show that as between the parties, the Opposer is the first user and earlier applicant and registrant of the contested mark. It filed the trademark application on 15 December 2003 and then after was issued Certificate of Registration No. 4-2003-011492 on 25 December 2005.

It is the Respondent-Applicant's contention that there is no confusing similarity in this instance because the Opposer's earlier registration covers goods that are different from those indicated in the subject trademark application. It also points out that it has already another trademark registration (No. 4-2005-000475) covering, among other things, goods falling under Class 21. These are of no moment.

The Opposer's filing of a trademark application in 2003 preceded all other applications and registrations for the contested mark. Sec. 123.1(d) of the IP Code prohibits the registration of a mark that is identical to a mark subject of an earlier application and/or registration belonging to another proprietor not only in respect of similar and/or closely related goods. The prohibition applies in cases where the resemblance between the marks is likely to deceive or cause confusion. Subparagraph (iii) of Sec. 123.1(d) of the IP Code does not distinguish whether or not the goods involved are similar or closely related.

In this regard, the two contending marks are identical, as shown below:

XTREME

Respondent-Applicant

XTREME

Opposer

Both marks consist of the word "XTREME", spelled exactly in the same way with underline and the letter "X" presented in the same stylized manner.

In relation to goods involved, whether of the Opposer or of the Respondent-Applicant, the mark "XTREME" is highly distinctive, in fact, very unique. Just by looking at the Respondent-Applicant's goods bearing the "XTREME" mark would likely create an impression that this is owned by the Opposer. The consumers may assume that the Respondent-Applicant's goods originate from or sponsored by the Opposer or believe that there is a connection between them, as in a trademark licensing agreement. The likelihood of confusion would subsist not only on the purchaser's perception of goods but on the origins thereof as held by the Supreme Court.³

² *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 Nov. 1999.

³ See *Converse Rubber Corporation v. Universal Rubber Products, Inc., et al.*, G.R. No. L-27906, 08 Jan. 1987.

Callman notes two types of confusion. The first is the confusion of goods in which event the ordinarily prudent purchaser would be induced to purchase one product in the belief that he was purchasing the other. In which case, defendant's goods are then bought as the plaintiff's and the poorer quality of the former reflects adversely on the plaintiff's reputation. The other is the confusion of business. Here, though the goods of the parties are different, the defendant's product is such as might reasonably be assumed to originate with the plaintiff and the public would then be deceived either into that belief or into belief that there is some connection between the plaintiff and defendant which, in fact does not exist.

The Respondent-Applicant claims that he invented the mark in 2006 and filed for registration on 17 May 2006 or almost three (3) years from the application of the Opposer. But, as stated above, the Opposer's mark is highly distinctive and is so unique that it is incredible or highly improbable that the Respondent-Applicant came up with a mark that is identical to the Petitioner's by pure chance or coincidence. There is no plausible explanation as to how the Respondent-Applicant arrived at using the same mark, appropriating in minutest details the features of the Opposer's mark. In these kind of cases, the Supreme Court has consistently held that as between the newcomer who by confusion has nothing to lose and everything to gain and one who by honest dealing has already achieve favor with the public, any doubt should be resolved against the newcomer inasmuch as the field from which he can select a desirable trademark to indicate the origin of his product is obviously a large one.⁴

Succinctly, it is not the application or the registration that confers ownership of a mark, but it is ownership of the mark that confers the right to registration. While the country's legal regime on trademarks shifted to a registration system, it is not the intention of the legislators not to recognize the preservation of existing rights of trademark owners at the time the IP Code took into effect.⁵ The registration system is not to be used in committing or perpetrating an unjust and unfair claim. A trademark is an industrial property and the owner thereof has property rights over it. The privilege of being issued a registration for its exclusive use, therefore, should be based on the concept of ownership. The IP Code implements the TRIPS Agreement and therefore, the idea of "registered owner" does not mean that ownership is established by mere registration but that registration establishes merely a presumptive right of ownership. That presumption of ownership yields to superior evidence of actual and real ownership of the trademark and to the TRIPS Agreement requirement that no existing prior rights shall be prejudiced. In *Berris v. Norvy Abyadang*⁶, the Supreme Court held:

The ownership of a trademark is acquired by its registration and its actual use by the manufacturer or distributor of the goods made available to the purchasing public. Section 122 of R.A. No. 8293 provides that the rights in a mark shall be acquired by means of its valid registration with the IPO. A certificate of registration of a mark, once issued, constitutes *prima facie* evidence of the validity of the registration, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate. R.A. No. 8293, however, requires the applicant for registration or the registrant to file a declaration of actual use (DAU) of the mark, with evidence to that effect, within three (3) years from the filing of the application for registration; otherwise, the application shall be refused or the mark shall be removed from the register. In other words, the *prima facie* presumption brought about by the registration of a mark may be challenged and overcome, in an appropriate action, by proof of the nullity of the registration or of non-use of the mark, except when excused.^{7[23]} Moreover, the presumption may likewise be defeated by evidence of prior use by another person, *i.e.*, it will controvert a claim of legal

⁴ *Del Monte Corporation et. al. v. Court of Appeals*, G.R. No 78325, 25 Jan. 1990.

⁵ See Sec. 236 of the IP Code.

⁶ G.R. No. 183404, 13 Oct. 2010.

appropriation or of ownership based on registration by a subsequent user. This is because a trademark is a creation of use and belongs to one who first used it in trade or commerce.

WHEREFORE, premises considered, the instant opposition to Trademark Application Serial No. 4-2009-003615 is hereby **SUSTAINED**. Let the filewrapper of Trademark Application Serial No. 42009003615 be returned, together with a copy of this **DECISION**, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 05 April 2013.



ATTY. NATHANIEL S. AREVALO
Director IV, Bureau of Legal Affairs